Frequently Asked Questions (FAQ) Regarding Intertek's Suspended Activities in India

Background

The following information is intended to help clarify questions regarding the suspension of Intertek Testing Services NA, Inc. (Intertek) in India for the Organic Cotton Standard (OCS). Textile Exchange remains committed to providing ongoing guidance as new relevant information becomes available.

Frequently Asked Questions

Can you clarify the sequence of events leading up to Intertek's voluntary suspension in India for the OCS, as well as ANAB's role in the suspension?

Due to integrity concerns, Intertek has stopped all work from being conducted by its India offices, effective as of July 31, 2024, for activities related to the Organic Content Standard (OCS). This decision by Intertek was made following notification by Global Standard GmbH of the global suspension of certain activities related to Global Organic Textile Standard (GOTS), that were effective as of July 25, 2024.

Intertek initially announced that activities related to the OCS, such as issuance of transaction certificates (TCs) and scope certificates (SCs), would be managed by Intertek offices based in other countries. However, Intertek's accreditation body, ANSI National Accreditation Body (ANAB), has a requirement in place to review certification body (CB) voluntary suspensions and make a decision on the scope of the suspension to formalize it as part of their accreditation.

ANAB has determined that Intertek managing services from other offices will require further assessment and approval prior to the proposed implementation. Intertek will be suspended for all OCS activities from its India office while this review is underway. This means as of August 12, 2024, Intertek is currently not permitted to issue or update SCs or TCs for the OCS from its India office while the suspension is in place, and clients of that office cannot be serviced by other offices at this time.

If certified sites have questions regarding the regional operational pause for OCS activities, they should reach out directly to Intertek at traceability@intertek.com.



How do the suspended activities affect previously approved OCS TCs?

OCS TCs previously issued by Intertek are still considered valid – unless otherwise notified by Intertek or Textile Exchange.

How do the suspended activities affect currently pending and future OCS TCs?

There will be significant delays for OCS TCs which have been submitted to Intertek offices in India and are currently pending. Intertek has plans to internally redirect operations to other regional offices, but the allowance of the redirection is subject to approval by Intertek's accreditation body, ANAB. Until that time, issuance of certificates will be disrupted. This could result in breaks in the chain of custody, and certified sites should expect delays during this period.

Sites that are certified by Intertek and are affected by the global GOTS suspension (including gins and spinners) will not be able to obtain TCs. This means that those who rely on GOTS input TCs for OCS output material may see disrupted supply chains and breaks in the chain of custody if their inputs are coming from a site that is impacted by the suspension.

May material received without a TC still be processed at a certified site?

Yes, material received without a TC may still be processed at a certified site, but no outgoing TC can be issued until the incoming TC is received. Material received without a TC can also be shipped to the subsequent supplier/certified buyer even though TCs will be delayed.

If I transfer to a new CB, will I need a new audit before my new SC is active, and therefore before TCs are issued, including previously requested TCs?

When an organization transfers between certification bodies (from the "preceding certification body" to the "succeeding certification body," including when the transfer occurs at recertification), the succeeding certification body may issue transaction certificates for shipments from the time when the organization was certified with the preceding certification body, provided that all the conditions of <u>ASR-104-V3.1 Policy for Transaction Certificates</u>, section A8.5 are met. Please contact your certification body for more information.

A new audit will need to occur to maintain an active Scope Certificate (SC).

There will be a cost associated with a new audit. Please contact your preferred certification body for more information on pricing as this could differ between certification bodies. Contact information for all licensed CBs is available on our website at textileexchange.org/certification-bodies.

How long should I expect the transfer to take place?

Each situation is unique. The succeeding CB will provide more information as to the transfer time based on the relevant factors and their availability.



One of the measures that Textile Exchange has implemented to minimize market disruption while maintaining system integrity is calibration 232, which allows for expedited transfer audits.

At what point is a final product not eligible for claims and labeling?

Products are ineligible for claims and labeling in the following instances: a) the brand is not certified, or b) the brand is certified, but the final product TC from the direct supplier of that shipment is not available or has been invalidated.

Will this happen again in the Textile Exchange system? If yes, what are you doing to ensure back-up mechanisms are in place to ensure minimal disruption to the industry?

In the current situation, the CB (Intertek) has taken the decision to suspend certification activities related to the OCS managed by its India office, and subsequently the AB (ANAB) has reviewed and decided the scope of the suspension. Each accreditation body sets its own options and requirements around suspensions and withdrawals, including CBs declaring voluntary suspensions. It is possible that CBs in the future will take similar decisions.

To maintain impartiality, we cannot influence decisions taken by accreditation bodies, including suspensions of CB accreditation, and the severity of the suspension scope. Our objectives are that mitigation is in place to avoid CB suspensions, but they are an important and necessary tool to ensure the whole system functions as it should. Our primary focus is on the integrity of the certification system; while this is our focal point, we will do what we can to clearly communicate guidance and options to keep things moving and provide information that helps certified organizations make decisions.

Where do I find a list of approved CBs for India in case I want to consider transferring?

You can find a full list of CBs on our website at <u>textileexchange.org/certification-bodies</u>. (Use control/command F to search for "global" or "India" in the "geographic scope" column on this page).

How can I learn updates on Intertek's progress towards the regional India office resuming operations?

You can reach out directly to Intertek at traceability@intertek.com.



How does Textile Exchange's assurance system for its standards work?

As a **standard-setting body**, Textile Exchange creates standards for the segregation, identification, and volume reconciliation of certified material at each stage of the supply chain. However, it does not perform any certification services directly – this is done by third-party certification bodies, often referred to as CBs.

These **certification bodies** verify our requirements through annual audits, as well as volume monitoring throughout the year. Each time goods like yarns or fabrics are sold, the certification body issues transaction certificates based on volume. This chain of custody requires everyone along the supply chain to do their part to support the integrity of the certified material.

Accreditation bodies monitor and assess the certification bodies to ensure that they are operating as intended and in conformity with our requirements of our standards system.

If inconsistencies arise, we work directly with the certification bodies and accreditation bodies to resolve them.

If the issue lies with the supplier, it's up to our certification bodies to issue, suspend, or withdraw scope certificates, and/or to issue, amended, or invalidate transaction certificates. The list of Textile Exchange banned entities is available here.

In the instance that the certification body has significant lapses in its conformity with the system requirements, it is up to the accreditation body to determine if a suspension or withdrawal of their accreditation status is warranted. However, as the standard-setting body, Textile Exchange also reserves the right to terminate our licensing contract with the certification body in cases of serious breaches.

You can find out more about how certification works for organic cotton here.

How are issues and allegations raised dealt with in Textile Exchange's standards system?

Textile Exchange is committed to maintaining the integrity of our standards, and we take allegations and complaints very seriously. Any time that we receive an official complaint following the guidelines of our ASR-110 Complaints and Feedback Policy (available publicly on our website), we investigate the issue raised.

As per *ASR-110-V2.0*, criteria B2.1, Textile Exchange encourages that complaints against certified organizations be first submitted to the organization's certification body directly, and that complaints against certification bodies be first submitted to the applicable certification body directly, or, to the certification body's accreditation body.



A list of all licensed certification bodies and authorized accreditation bodies as well as their contact information can be found on our website at the following links:

- textileexchange.org/certification-bodies
- textileexchange.org/accreditation

Textile Exchange cannot share the status or outcome of a complaint investigation with the submitter as the details of all complaints and investigations are confidential. However, Textile Exchange may contact the submitter should we require further information to support our investigation, if permitted by the authorization provided.

What are the next steps when an issue is raised, and who deals with it?

Complaints are dealt with by the relevant party that is responsible for enforcing the requirements of the system. This means that complaints against certified organizations are handled by the certification body, and complaints against certification bodies are handled by the accreditation body.

The responsible party will investigate the allegations. In some cases, Textile Exchange may also conduct an investigation directly. If the result of an investigation is that the findings substantiate the complaint, then corrective actions are taken to address any non-conformities.

In some cases, the certification body or accreditation body may decide to apply sanctions such as suspension or withdrawing certification or accreditation. Depending on the nature and severity of the issues, Textile Exchange may also take direct actions, such as terminating our licensing contract with a certification body.

What has Textile Exchange done to address the market disruptions due to CB suspensions?

Textile Exchange has implemented several measures and updated our policies to minimize market disruption while maintaining system integrity. These changes included the following additions to the <u>Calibration Log</u>: calibration 232, which allows for expedited transfer audits, calibration 334, which provides flexibility on timelines for TC issuance beyond 180 days, and calibration 229, which permits the succeeding CB to issue TCs for the period before the transfer (the latter two have since been merged into the current <u>Policy for Transaction Certificates</u>). We are in regular communication with all CBs in our system to address any emerging issues or disruptions that require policy attention.

We are also sharing a dedicated document with further guidance and frequently asked questions. However, we emphasize the importance for certified organizations to discuss the situation directly with Intertek in case there are relevant updates at any given time that will support decision-making.



Does this only affect the OCS or are there other Textile Exchange standards that might be affected?

The current scope of suspension includes the OCS in India only. ANAB is also conducting further assessments to determine whether the suspension will be broadened to include operations in other countries or other Textile Exchange standards aside from OCS.

It is important to note that in a certification system like ours, suspensions or withdrawals of accredited certification bodies are not communicated publicly until they are finalized and issued.

